TranServ
AUSTRALIA LTD

Chairman's Overview

Since listing in March this year we have achieved a number of significant milestones in our quest to establish TranServ Australia Limited as a premier national Heavy Transport Servicing and Repair provider to Australian industry.

Much of the work undertaken this last year centered on the public listing of the company in March, and the business acquisition in May 2004 at Salisbury, a southern suburb of Brisbane. The Company's management was faced with the challenge of integrating TranServ Salisbury into the TranServ structure and the business plan. The geographic dispersion added to this task. Whilst challenging for our very small management team, the success of this process can be measured by the excellent outcomes achieved against the objectives that were set at the start of the year.

Since listing our revenue has increased by more than 50% and now exceeds $6.0m on an annualized basis.

It hasn't been all smooth sailing. When Salisbury was acquired it was expected that its revenue would be around $2m however this was not the case as the business was more severely run down. Our management team has in a short period of time built up the revenue base for Salisbury to $2.4m and are now back on track to build it over the next two quarters to the target of $4.0m. Underpinning this effort is the focus on quality customer service and the strategic focus on maintaining the diversity of our customer base with the specific emphasis on the transport maintenance and construction sectors

The increased revenue gives us the justification to increase the size and depth of our small management team. This will allow us more management time to focus on improving our profits in our service and parts sales operations.

Looking to the year ahead, there are good opportunities to build on the success to date, with scope for organic growth and further business acquisitions. The Company will actively pursue opportunities for acquisitions where there are attractive business synergies, which will also help achieve earnings per share growth.

Our strategic focus continues on the themes of quality service, capability of our people and the diversity of our customer base. Our ability to offer corporate clients a one stop, total quality scheduled maintenance and repair facilities is a major differentiator of our brand and service and continues to be the foundation for ongoing growth.

The progress made during the last year and the solid base that has been formed for further growth is a tribute to the Company's dedicated and talented management and workforce. TranServ now employs over 60 people and the efficient integration of personnel from different interstate businesses into a cohesive unit has been a major factor underpinning the Company's success with its clients.

Given the progress made to date and the resources available to the Company combined with interest from our clients and the positive economic outlook, there is good cause to be optimistic about the future.

On behalf of myself and the management team I would like to thank all employees and shareholders for their support during our first year as an ASX publicly listed company.

Kim R Gardner
Chairman of Directors